

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

Proposed Appropriation Language

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For necessary expenses to carry out the Taiwan Relations Act (Public Law 96-8), [\$16,840,000] \$21,174,000.
(Department of State, Foreign Operations and Related Programs Appropriations Act, 2009.)

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Resource Summary

(\$ in thousands)

Appropriations	FY 2008 Actual	FY 2009 Estimate	FY 2010 Request	Increase / Decrease
Funds	16,219	16,840	21,174	4,334

FY 2008 Actual reflects the rescission of 0.81% provided by the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2008 (P.L. 110-161, Division J).

Overview

The American Institute in Taiwan (AIT) is incorporated under the laws of the District of Columbia as a nonprofit organization for the purposes of maintaining commercial, cultural, and other relations between the people of the United States and the people of Taiwan in the absence of official government representation or diplomatic relations. In performing these functions, the Institute operates under authorities granted by the Taiwan Relations Act (P.L. 96-8). In accordance with the Act, U.S. Government programs in Taiwan are conducted through AIT under a contract with the Department of State. This appropriation funds that contract, which provides funding for salaries, benefits, representation, and other expenses associated with operations in Taiwan and in the United States. Other funding is derived from visa processing fees and payments by other agencies for carrying out a variety of programs. Under the Act, Congress exercises an oversight role over AIT operations and procedures.

Program Description

To support U.S. interests in Taiwan, AIT promotes U.S. exports to Taiwan, serves as the advocate to Taiwan authorities for U.S. political and security interests; provides consular services (non-immigrant and immigrant visas, as well as various American citizen services); participates in cultural, scientific, and information exchange programs; analyzes and reports on political and economic events critical to U.S. interests; and facilitates U.S. arms sales to Taiwan. In addition, AIT negotiates agreements on behalf of the United States with its Taiwan counterpart, the Taipei Economic and Cultural Representative Office in the United States (TECRO).

AIT's Washington headquarters carries out executive functions and acts as the liaison between various U.S. Government agencies and TECRO. In particular, the Washington office provides executive and administrative direction for AIT, financial oversight and contract administration of all agency agreements, and coordination of negotiations and agreements. In accordance with the AIT-TECRO Agreement on Privileges, Exemptions, and Immunities, the Washington office also issues identity cards and tax exemption cards to TECRO employees and their dependents and serves as the liaison between TECRO, the Department of State, and the Department of Homeland Security, Directorate of Border and Transportation Security, regarding visas and adjustments of status.

Support for AIT operations comes from three funding sources: this Department of State appropriation; reimbursements by USG agencies such as the Departments of Commerce, Agriculture, Defense, Homeland Security, and Energy for specific staff positions on an actual

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cost-reimbursable basis; and a significant portion of the visa processing fees (charged by AIT under Department of State authority).

In FY 2010, AIT anticipates collecting a total of \$32 million from sources other than its appropriations. This includes approximately \$18 million in visa processing fees and \$14 million in reimbursements from other agency contracts, as well as compensation associated with supporting the Foreign Service Institute's Chinese Language School. Of the estimated \$18 million in visa processing fees, \$17.352 million will be needed to cover direct and indirect operating expenses in addition to the appropriation provided. The remaining funds will be set aside for the capital projects account and consular service upgrades.

In addition to ongoing efforts, AIT has been successful in resolving property issues in accordance with a full cost-reimbursement program as mandated by OMB Circular A-122 Cost Principles for Nonprofit Organizations and has continued to receive "unqualified" OMB Circular A-133 audits since instituting a commercial/accrual-based accounting system in 1998. AIT continues to work closely with the Department on planning and design of a new office building complex. AIT and the Taiwan authorities signed a ninety-nine year lease agreement for the new complex in December 2004. Design activities for the new office building project are being managed by the Department's Bureau of Overseas Buildings Operations. Ground breaking for the new office compound in Taipei is tentatively scheduled for FY 2009.

Justification of Request

This request of \$21.174 million in direct funds will maintain overall operations at the FY 2009 level and ensure that some visa processing fee revenues can be transferred to the capital projects account in order to support construction of a new office compound in Taipei. AIT will use the remaining visa processing revenues to cover lease costs, indirect costs, and other special projects.

Funds by Program Activity

(\$ in thousands)

Activities	FY 2008 Actual	FY 2009 Estimate	FY 2010 Request	Increase/ Decrease
Agriculture Services	445	461	635	174
Commercial Services	1,181	1,227	1,483	256
Consular Services	3,542	3,679	4,659	980
Economic Services	1,410	1,465	1,906	441
Other Services	6,649	6,906	8,793	1,887
Public Affairs Services	1,336	1,388	1,983	595
Washington Headquarters	1,656	1,714	1,715	1
Appropriation Total	16,219	16,840	21,174	4,334

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Funds by Object Class

(\$ in thousands)

	FY 2008 Actual	FY 2009 Estimate	FY 2010 Request	Increase / Decrease
1100 Personnel Compensation	13,563	14,023	17,575	3,552
1200 Personnel Benefits	2,340	2,497	3,176	679
2500 Other Services	316	320	423	103
Total	16,219	16,840	21,174	4,334